

**Conditional Contracts of Sale.**

An. Code, 1924, sec. 55. 1912, sec. 53A. 1916, ch. 355, sec. 53B. 1931, ch. 402.

71. Every note, sale or contract for the sale of goods and chattels, wherein the title thereto, or a lien thereon, is reserved until the same be paid in whole or in part, or the transfer of title is made to depend upon any condition therein expressed and possession is to be delivered to the vendee, shall, in respect to such reservation and condition, be void as to third parties without notice until such note, sale or contract be in writing, signed by the vendee, and be recorded in the Clerk's office of the Superior Court of Baltimore City, or in the Clerk's office of the Circuit Courts of the various counties, as the case may be, where the vendee resides, or in the case of a corporate or partnership vendee, then where such vendee has its principal place of business in the State of Maryland; and such recording shall be sufficient to give actual or constructive notice to third parties when a memorandum of the paper writing signed by the vendee or vendees, setting forth the date thereof, the amount due thereon, when and how payable and a brief description of the goods and chattels therein mentioned shall have been recorded with the Clerk aforesaid, but it shall not be necessary that said paper writing shall be acknowledged or an affidavit made to the consideration therein expressed as in the case of bills of sale.

The term "third parties without notice," as used in this section, includes subsequent creditors, whether or not lien creditors. *Friedman v. Sterling Refrigerator Co.*, 104F (2d) 837.

"Third parties without notice" includes not only lien creditors but also general unsecured creditors who are subsequent and not prior creditors with respect to time of conditional sale; term "subsequent creditor" construed. *In Re Wilhelm*, 25 F. Supp. 440.

In a contract for the purchase of coal, under which it was agreed to convey title to coal stoker at conclusion of contract, held to be "conditional contract of sale" rather than "leasing contract," so that seller's title was not protected as against creditors, whose rights attached between time stoker was installed and the time contract was recorded. *Enterprise Fuel Co. v. Jones*, 99F (2d) 928.

Reservation of title in a conditional sale, though unrecorded, is valid between parties and as to antecedent creditors or purchasers, though void as to subsequent creditors. Where purchaser becomes bankrupt, having both antecedent and subsequent creditors, trustee takes property free of seller's lien, and its proceeds will be distributed among all creditors alike. *In re Rosen*, 23 F. (2nd), (D. Ct. Md.), 687.

Unrecorded conditional sale contract is void as to creditors, but where such contract is recorded sometime after its execution, it is valid against trustee in bankruptcy, unless there are creditors between date of its execution and date of record. *In re Shipley*, 24 F. (2nd), (D. Ct. Md.), 991.

Unrecorded conditional sales, though valid as between the parties, are void as to third parties without notice. Cases reviewed. Burden of proof—see notes to art. 9, sec. 47. *Motor Car Co. v. First Natl. Bank*, 154 Md. 80.

Unrecorded conditional sale contract void as against party subsequently taking chattel in settlement of antecedent debt. *Stieff v. Wilson*, 151 Md. 600.

Where contract for sale of truck was recorded, subsequent purchaser from vendee is charged with notice of rights of vendor, even though vendee was automobile dealer. *Finance Co. v. Defiance Motor Co.*, 145 Md. 100.

Contract for consignment of shoes to bankrupt held within this section. Trustee in bankruptcy entitled to assert invalidity of contract. *Reliance Shoe Co. v. Manly*, 25 F. (2nd), (C. C. A. 4th), 381.

Lien for repairs and storage of automobile subordinate to conditional sale contract recorded under this section since passage of act of 1924, ch. 417 (art. 63, secs. 41-45). *Goldenberg v. Finance Co.*, 150 Md. 302.

Unrecorded conditional contract of sale is not void as against purchaser's creditors whose debts arose out of transactions prior to date of the contract; immaterial that debts were reduced to judgment after date of contract of sale. *Gunby v. Motor Truck Corp.*, 156 Md. 19.

Recorded conditional sales contract is sufficient notice as long as goods and chattels described remain as such, but not when they have, with assent of sales vendor, become integrated with real property; gas radiators in garage did not become part of realty. *Abramson v. Penn.*, 156 Md. 186.

Metal garage so attached to land as to make it a fixture is subject to prior mortgage on land notwithstanding recording of memorandum on paper by contractor reserving title to garage. *Credit Co. v. Bldg. & Loan Assn.*, 160 Md. 232.